

17 September 2007



## ASX/MEDIA RELEASE

### **Transfield Services acquires VMS Inc. adding transport infrastructure services to its North American business expansion**

Transfield Services today announced its further expansion into the world's largest outsourced market with the acquisition of US company VMS Inc. for US\$29.5 million.

VMS is a leading provider of operations and maintenance services for road transport infrastructure and associated facilities for the State Departments of Transportation in Virginia, Florida, Texas, Alaska, Maryland and in Washington DC.

Established in 1995 by Louis Berger Group and Jacobs/Sverdrup, a subsidiary of Jacobs Engineering Group, VMS has more than 380 highly experienced employees, annual revenues of more than US\$90 million and manages more than 5000 lane kilometres.

Transfield Services' Managing Director and Chief Executive Officer, Mr Peter Watson, said today: "The acquisition of VMS means we can offer our full suite of core expert services to the North American market:

- mining, process and hydrocarbons through TIMEC and Flint-Transfield Services
- facilities management through US Maintenance, and
- transport infrastructure services through VMS."

"We will use this strategic acquisition to build market share in the transport infrastructure market in the United States following our successful bid to operate and maintain the Port of Miami Tunnel," he said.

VMS provides a wide range of services including condition monitoring for road and bridge infrastructure; the maintenance and replacement of road pavement and drainage infrastructure; minor capital works and repair; snow and ice removal, landscaping; traffic management, incident and emergency response.

The US has with more than 6.4 million kilometres of public roads including 8,200 kilometres of toll road Infrastructure, 75,000 kilometres of expressways and is rated as having the longest road network in the world; India is second with 3.3 million kilometres.

"A study by the US Federal Highway Administration has shown road usage to have increased 78 per cent in miles travelled in the US in the past 20 years, while the amount of lane miles added was only four per cent. The study also found approximately 18 per cent of the nation's major roads are in 'poor or mediocre' condition."

"With the majority of US road infrastructure now 50 years old and funding lagging demand, Public Private Partnerships and the outsourcing of operation and maintenance is emerging as an increasingly attractive option for US State Departments of Transportation."

"Transfield Services is an industry leader in the operation and maintenance of transport infrastructure and associated traffic management and safety systems."

“Our Australian operations in Sydney’s Lane Cove tunnel and Melbourne’s CityLink and soon to be opened EastLink are considered at the forefront of world technology.”

CEO and President of Transfield Services North America, Mr Joseph Sadatmehr, said VMS would operate as a stand-alone business and pursue new growth opportunities in the US transport infrastructure sector.

“The outlook for VMS’ growth in market share is positive with spending in the U.S. transport infrastructure market expected to increase,” he said.

“It is essential that critical infrastructure be maintained correctly. Industry bodies like the American Society of Civil Engineers are calling for greater government spending to improve the condition of existing road infrastructure in the US, much of which was built when Elvis Presley was just starting out...”

The American Society of Civil Engineers (ASCE) warned in their most recent report in 2005 that in the three years to 2003, more than 27 per cent of the nation’s almost 600,000 bridges were rated as structurally deficient or functionally obsolete.

The ASCE currently estimates \$US1.6 trillion is needed over a five-year period to categorise U.S. infrastructure as in good condition.

VMS has long-term contract relationships, typically five years in length. Transfield Services will help VMS establish a ‘whole of life’ asset management service offering through leveraging their industry proven model, systems and skills and target States with poor or deteriorating infrastructure.

Mr Sadatmehr said: “The opportunities available to Transfield Services in the US are highly encouraging and now with VMS on the team we are poised to become a major force in transport infrastructure services.”

“VMS is culturally and operationally a good fit with Transfield Services, as both companies have similar performance-based contracting/relationship models and a strong focus on and commitment to safety,” he said.

The acquisition will be funded by existing debt facilities. The purchase price represents an FY2007 EBITA multiple of 8.3 times based on the company’s forecast earnings.

The acquisition is subject to customary conditions precedent including US regulatory approvals. It is anticipated that completion will occur during October 2007.

– ends –

**Transfield Services** is a leading global provider of operations, maintenance, and asset and project management services. In addition, it owns, operates, and maintains major infrastructure assets. Transfield Services has more than 23,000 employees working across Australia, New Zealand, the United States, the United Arab Emirates, Qatar, South East Asia, India, and Canada.

The Company operates across diverse industries including: mining and process; hydrocarbons; roads; rail and public transport; water; power; telecommunications; facilities management; and defence. Transfield Services Limited is publicly listed in

Australia and included in the S&P/ASX 200 with a turnover of more than A\$2.4 billion. [www.transfieldservices.com](http://www.transfieldservices.com)

**Media Enquiries**

Liz Jurman  
Group General Manager Corporate Affairs  
Ph +61 2 9464 1615  
Mb +61 438 399 435

**Investor Relations Enquiries**

Matthew Irwin  
Chief Financial Officer  
Ph +61 2 9464 1603  
Mb +61 437 975 800